



CITY COUNCIL STAFF REPORT

MEETING DATE: September 24, 2003

Agenda Item # 1

Prepared By:

**Council Services &
Records Manager**

Approved By:

Chief of Police

Submitted By:

City Manager

CRIME CONTROL STRATEGY

RECOMMENDED ACTION(S):

1. Receive Report
2. Consider options for policy direction

EXECUTIVE SUMMARY:

At the Council's January 2003 Goal Setting Session, the Council identified a series of goals that it wanted to pursue in 2003. The Council adopted these Goals on February 26, 2003. Several of the goals identified by the Council have been scheduled for a series of workshops to give the Council an opportunity to discuss the individual goals and provide staff with policy direction. One of the goals identified by the Council relates to public safety; specifically, the adoption of a Crime Control Strategy. Staff will be presenting the Council with an outline of the items to be addressed relating to public safety at the September 24, 2003 workshop. Staff requests that the Council provide staff with policy direction on the implementation of a Crime Control Strategy.

FISCAL IMPACT: No budget adjust required at this time.



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: September 24, 2003

AUGUST 2003 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of August 2003. The report covers activity for the second month of the 2003/2004 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 2

Prepared By:

**Assistant Finance
Director**

Submitted By:



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2003/04
FOR THE MONTH OF AUGUST 2003 - 17% OF YEAR COMPLETE

Revenues

Through August 31, the Redevelopment Agency received \$120,265 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of August 31, 2003, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$56,144,486, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. Since the \$100 million tax increment cap for the original plan was reached during 1999/2000, all tax increment revenues collected during 2003/2004 were collected under the plan amendment.

\$16,623 in interest earnings from the repayment of housing loans was received during August. No rental income was allocated during the month. Other revenues represent charges for services and total \$2,672.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$14,890,099 and were 54% of budget. Of this total, \$5,939,107 represented encumbrances for capital projects and other commitments. Expenditures for administrative costs for employee services, supplies, and contract services were 19% of budget. During August 2003, CIP project expenditures totaled \$2,783,191, mostly for property purchases and construction of Butterfield Boulevard.

Budgeted expenditures plus encumbrances for Housing were at 76% of the budget for a total of \$3,467,984. Of this total, \$249,174 represented project encumbrances. During August, \$37,101 was disbursed for project expenditures and \$61,116 for administration. All of the 2003/04 housing related expenditures have been funded with tax increment collected under the plan amendment.

Fund Balance

The unreserved fund balance of \$3,893,981 for the Capital Projects Fund at August 31, 2003, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$3.6 million for the Courthouse Facility, an additional \$3,250,000 for purchase of the Gunderson property, and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments are subtracted from the \$3,893,981, the remaining unreserved fund balance at August 31 would be a negative (\$4,566,019). However, these commitments are expected to be paid out over the next 2 to 3 years.

The unreserved fund balance of \$2,776,899 for the Housing Fund at August 31 consisted of funds all collected under the plan amendment.

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

August 31, 2003 – 17% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2003/04
FOR THE MONTH OF AUGUST 2003 - 17% OF YEAR COMPLETE

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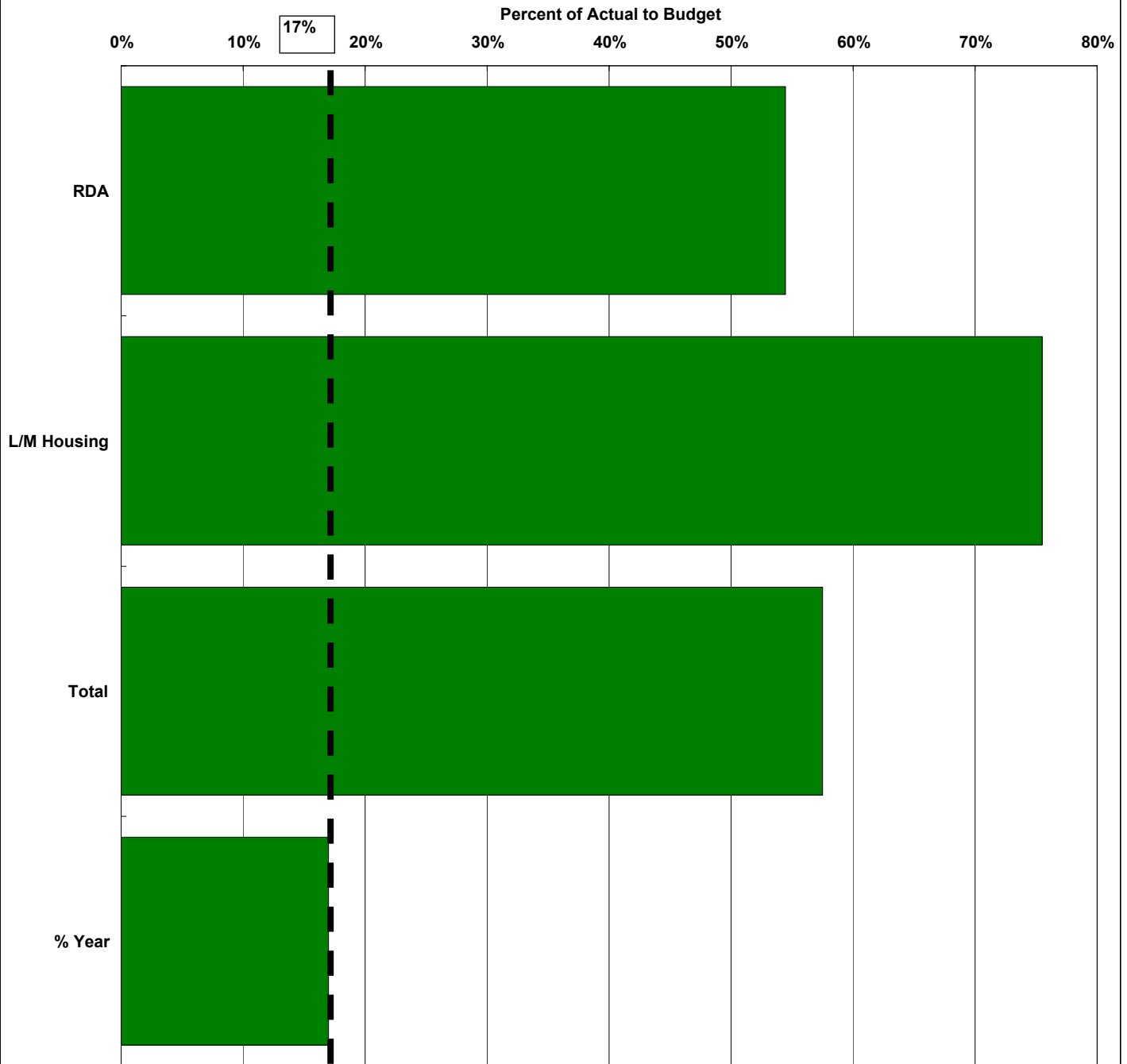
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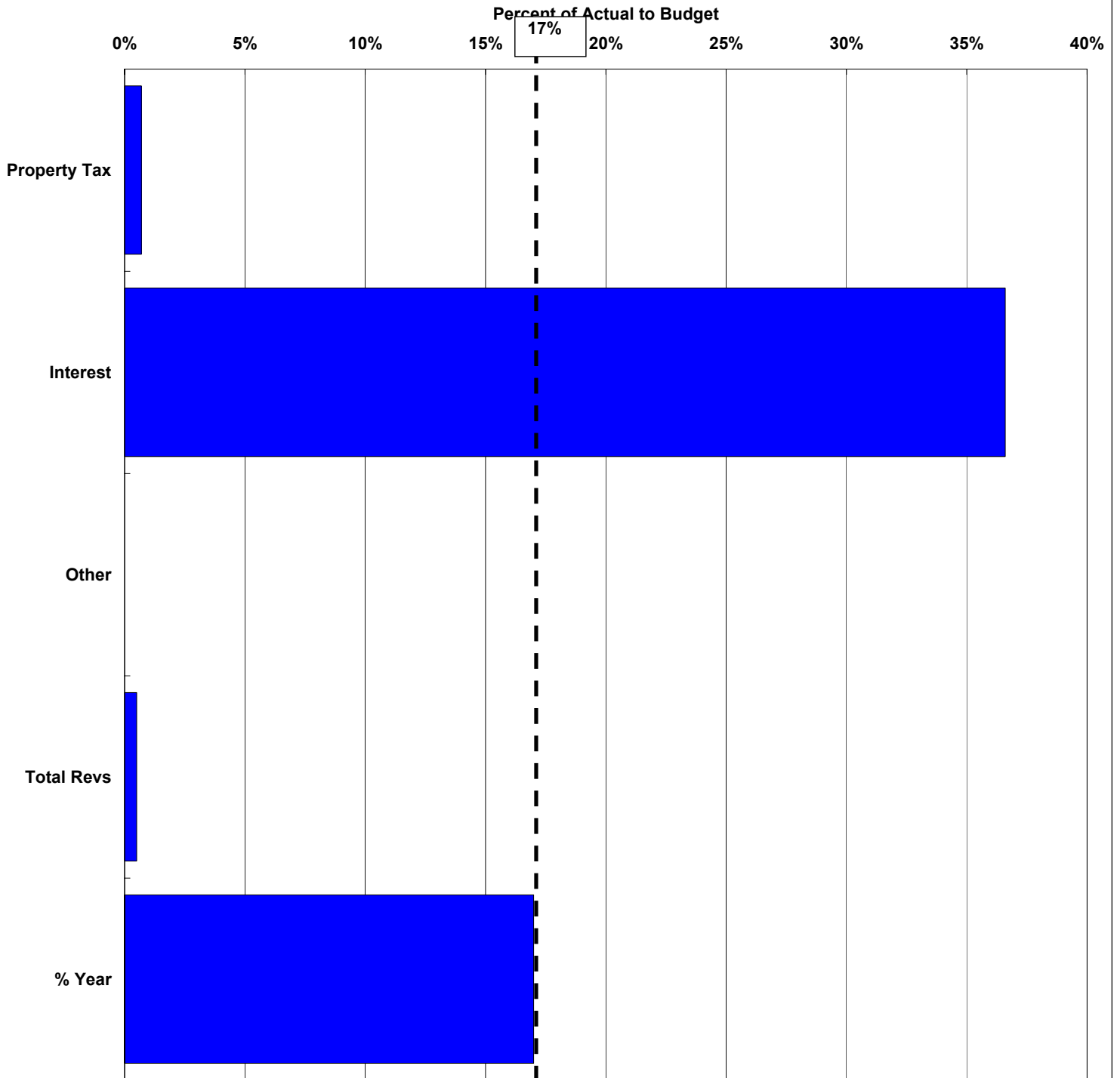
Redevelopment Agency YTD Expenditures



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$27,346,151	\$14,890,099	54%
HOUSING	4,592,332	3,467,984	76%
TOTALS	\$31,938,483	\$18,358,083	57%



Redevelopment Agency YTD Revenues



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$17,877,658	\$120,265	1%	\$37,721	219%
INTEREST INCOME/RENTS	\$45,364	\$16,623	37%	\$46,260	-64%
OTHER REVENUE	\$23,536,663	\$2,672		\$3,555	-25%
TOTALS	\$27,373,112	\$139,560	1%	\$87,536	59%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2003/04
 For the Month of August 2003
 17% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-03	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$20,607,172	98,593	0%	8,950,992	33%	(8,852,399)	7,860,792	\$3,893,981	9,812,287	
327/328	HOUSING	\$23,016,842	40,967	1%	3,218,810	70%	(3,177,843)	17,062,099	\$2,776,899	3,029,783	
TOTAL CAPITAL PROJECT FUNDS		\$43,624,014	139,560	1%	12,169,802	38%	(12,030,242)	24,922,891	6,670,880	12,842,070	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$43,624,014	139,560	1%	12,169,802	38%	(12,030,242)	24,922,891	6,670,880	12,842,070	
TOTAL ALL GROUPS		\$43,624,014	139,560	1%	12,169,802	38%	(12,030,242)	24,922,891	6,670,880	12,842,070	
TOTAL CASH AND INVESTMENTS										12,842,070	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2003/04
For the Month of August 2003
17% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	14,086,573	14,086,573	96,212	1%	29,539	66,673	226%
Development Agreements				n/a	-	-	n/a
Interest Income, Rents				n/a	34,232	(34,232)	-100%
Other Agencies/Current Charges	<u>9,450,000</u>	<u>23,536,573</u>	<u>2,381</u>	<u>0%</u>	<u>3,415</u>	<u>(1,034)</u>	<u>-30%</u>
TOTAL CAPITAL PROJECTS	<u>23,536,573</u>	<u>23,536,573</u>	<u>98,593</u>	<u>0%</u>	<u>67,186</u>	<u>31,407</u>	<u>47%</u>
327/328 HOUSING							
Property Taxes & Supplemental Roll	3,791,085	3,791,085	24,053	1%	8,182	15,871	194%
Interest Income, Rent	45,364	45,364	16,623	37%	12,028	4,595	38%
Other	<u>90</u>	<u>90</u>	<u>291</u>	<u>323%</u>	<u>140</u>	<u>151</u>	<u>108%</u>
TOTAL HOUSING	<u>3,836,539</u>	<u>3,836,539</u>	<u>40,967</u>	<u>1%</u>	<u>20,350</u>	<u>20,617</u>	<u>101%</u>
TOTAL CAPITAL PROJECTS FUNDS	27,373,112	27,373,112	139,560	1%	87,536	52,024	59%



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2003/04
For the Month of August 2003
17% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	429,134	1,509,317	1,509,317	200,516	91,730	292,246	19%
	BAHS Economic Development	(107,795)	4,516,120	4,516,120	3,395,221	160,088	3,555,309	79%
	BAHS CIP	<u>2,783,191</u>	<u>21,320,714</u>	<u>21,320,714</u>	<u>5,355,255</u>	<u>5,687,289</u>	<u>11,042,544</u>	<u>52%</u>
	TOTAL CAPITAL PROJECTS	<u>3,104,530</u>	<u>27,346,151</u>	<u>27,346,151</u>	<u>8,950,992</u>	<u>5,939,107</u>	<u>14,890,099</u>	<u>54%</u>
327 AND 328 HOUSING								
	Housing	<u>98,217</u>	<u>4,592,332</u>	<u>4,592,332</u>	<u>3,218,810</u>	<u>249,174</u>	<u>3,467,984</u>	<u>76%</u>
	TOTAL HOUSING	<u>98,217</u>	<u>4,592,332</u>	<u>4,592,332</u>	<u>3,218,810</u>	<u>249,174</u>	<u>3,467,984</u>	<u>76%</u>
	TOTAL CAPITAL PROJECT FUND	<u>3,202,747</u>	<u>31,938,483</u>	<u>31,938,483</u>	<u>12,169,802</u>	<u>6,188,281</u>	<u>18,358,083</u>	<u>57%</u>



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2003/04
For the Month of August 2003
17% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	9,812,288	3,029,783
Accounts Receivable	37,301	9,645
Loans and Notes Receivable ¹	2,850,605	22,397,420
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets		
Total Assets	12,771,243	25,436,848
LIABILITIES		
Accounts Payable and Accrued Liabilities	16,501	13,354
Deferred Revenue ³	999,969	5,584,496
Accrued Vacation and Comp Time		
Total liabilities	1,016,470	5,597,850
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	5,939,107	249,174
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable	1,850,636	16,812,925
Total Reserved Fund balance	7,860,792	17,062,099
Unreserved Fund Balance	3,893,981	2,776,899
Total Fund Balance	11,754,773	19,838,998
Total Liabilities and Fund Balance	12,771,243	25,436,848

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



CITY OF MORGAN HILL

CITY COUNCIL & REDEVELOPMENT

AGENCY STAFF REPORT

Agenda Item # 3

Prepared By:

Assistant Finance
Director

Submitted By:

City Manager

MEETING DATE: September 24, 2003

RE-BUDGETING 02/03 PROJECTS/PROGRAMS

RECOMMENDED ACTION(S): Approve the re-budgeting of 02/03 project/program costs in the 03/04 budget.

EXECUTIVE SUMMARY: Certain project and programs costs for various funds were projected as being completed before the end of the 2002/03 fiscal year and were not budgeted in 2003/04. A budget amendment is needed to re-budget in 2003/04 for those projects/programs that were not completed at the end of 02/03.

FISCAL IMPACT: The amounts for re-budgeting in fiscal year 2003/04 have no impact on fund balance. These costs were expected to be spent in fiscal year 02/03 and were included in projected expenditures at year end and used in calculating ending fund balance. A summary of the projects/programs being re-budgeted with unspent 02/03 appropriations is attached.

In addition, two funds are being corrected at this time for items that were inadvertently omitted from the 03/04 line items. \$170,000 approved in the CIP budget for 101/Tennant Avenue improvements was omitted from the fund 309, Traffic Impact, line item budget adopted by council. Fund 215, Community Development Block Grant, is being increased in revenues and expenditures, \$56,893 in carry-overs for the Day Worker Center and the Lighthouse project and \$86,000 for the Transitional Center and Public Service Agency grants. While the details of the costs for the Transitional Center and Public Service Agencies are listed in the narrative and intended to be in the budget, they were omitted from the line item detail.

CIP Rebudget			Operations Rebudget		
Project	Description	Total	Account	Description	Total
514093	Dunne Avenue/101	(78,206)	86120	Property Purch-Courthouse	3,501,121
	Fund 202 Streets	(78,206)	42231	RDA Financing Plan	20,000
123002	Galvan Park Improvements	13,372	86440	Façade Grant Agreements	87,401
	Fund 215 CDBG	13,372	43835	Copier	760
				Fund 317	3,609,282
106096	Butterfield Linear Park	447,582	86441	New Housing Programs	3,718,110
118001	Paradise Park Play Equip	(12,744)	43835	Copier	760
122001	San Pedro Ponds Natural Park	50,436		Fund 327 Housing	3,718,110
	Fund 301 Park Development	485,274			
405093	Butterfield Blvd	230,000	86420	Housing Rehab	29,601
	Fund 303 Local Drainage	230,000		Fund 216 HCD Rehab	29,601
501093	Plan Line Major	79,102	86360	Day Worker Center/Transitional	100,000
507B99	Tennant Ave Widening	(26,022)	86440	Grant Programs	42,893
5AAA03	101/Tennant Avenue	170,000		Fund 215 CDBG	142,893
	Fund 309 Traffic Impact	223,080			
507B99	Tennant Avenue Widening	325,240			
504D00	Butterfield Blvd Construction	1,164,524			
	Fund 317 BAHS	1,489,764			
305093	Lift Station Telemetry	342,750			
304093	Lift Station Improvements	643,844			
	Fund 643 Sewer Replacement	986,594			
603093	New Water Mains	120,000			
	Fund 651 Water Impact	120,000			
601093	New Wells	(20,181)			
606093	Water Radio Telemetry	520,000			
	Fund 653 Water Replacement	499,819			



CITY COUNCIL & REDEVELOPMENT

AGENCY STAFF REPORT

MEETING DATE: September 24, 2003

CARRYOVER OF ENCUMBRANCES FROM 2002/03

RECOMMENDED ACTION:

File Report.

EXECUTIVE SUMMARY: Part of the annual budget process includes the carryover of encumbrances at the end of the fiscal year. Encumbrances at the end of 2002/03 carryover and increase the appropriation amount for certain line items. Purchase orders, contracts and agreements are entered into during the fiscal year. In many instances the projects, programs, goods or services are not completed or billed by the end of the fiscal year. The encumbrance assures funds from the appropriate budget year have been set aside to pay for the balances when they become due. Fiscal year 2002/03 encumbered funds will be moved and included in the 2003/04 budget.

FISCAL IMPACT:

For fiscal year 2003/04 \$12,974,376.57 in encumbrances from various funds, including \$79,660.17 from the general fund, will be carried over from the previous year. There is no impact to fund balances because encumbrances, binding agreements to pay for goods or services, have been included in total expenditures in the prior year. A summary by fund is attached for your information. A detailed list of purchase orders and contracts is available for review in the Finance Department.

Agenda Item # 4

Prepared By:

**Assistant Finance
Director**

Submitted By:

City Manager

City of Morgan Hill
Encumbrances Carried Forward
From 02/03 to 03/04

Fund	Encumbrance 6/30/2003
010 General Fund	79,660.17
202 Streets	813,746.87
206 Community Development	253,646.66
207 General Plan	126,156.25
216 HCD Rehab	4,307.00
229 Light & Landscape	12,246.00
232 Environmental	47,864.86
301 Park Development	111,683.61
303 Local Drainage	3,500.00
309 Traffic Impact	349,999.09
311 Police Impact	20,000.00
317 BAHS	7,519,417.16
327 Housing	227,565.12
347 Public Facilities	949,534.34
640 Sewer Operations	95,672.02
641 Sewer Impact	121,448.08
643 Sewer System Replacement	191,585.48
650 Water Operations	561,424.55
651 Water Impact	986,046.23
653 Water System Replacement	293,420.40
730 Information Systems	17,733.85
740 Building Maintenance	23,001.72
745 CIP Engineering	105,685.61
770 Worker's Compensation	39,000.00
790 Equipment Replacement	9,116.82
793 Corporation Yard	10,914.68
	12,974,376.57

**CITY OF MORGAN HILL
JOINT SPECIAL AND REGULAR CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – SEPTEMBER 17, 2003**

6:00 P.M.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

City Attorney/Agency Counsel Leichter announced that the closed session portion of the meeting has been cancelled and that the City Council/Agency Board will convene the meeting at 7:00 p.m.

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 4

CALL TO ORDER

Acting Mayor Pro Tempore/Vice-chair Sellers called the special meeting to order at 7:02 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Tate and Acting Mayor Pro Tempore/Vice-Chair Sellers

Absent: Mayor/Chairperson Kennedy; Council/Agency Member Chang

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Acting Mayor Pro Tempore/Vice-Chair Sellers, Hillary Harms, Live Oak High School Student, led the Pledge of Allegiance.

CITY COUNCIL REPORT

Council Member Tate reported on the following:

- Two efforts taking place on the library: 1) He stated that the City has been involved in submitting applications for Proposition 14 State Grant funding to build a new library in Morgan Hill. He indicated that the existing library facility was built in the mid-1970s and is inadequate to meet current needs. He said that State funding is needed to enable the City to build a new library facility on the Civic Center site. He stated that the City applied for the first round of funding in which the City came close to being awarded funding but did not receive funding. The City submitted its second round application with the expectation that the State would be making awards at the end of September. He indicated that it turns out that the State will not be making a determination on the selection for funding until the end of October. While the City has asked support from the public to submit letters requesting funding for the Morgan Hill library to be turned in by the end of September, support is still needed for the new library effort. He said that the City's website provides instructions on how to write a letter to and lists reasons why the community needs a new library. 2) Funding for libraries comes from a base property tax and a 1994-ballot measure that added a special assessment on property tax bills. This special assessment sunsets in 2005, noting that this assessment pays for 20% of the operational costs for the library. If the assessment sunsets and is not extended, 20% of the services of the library will go away. He said that the City is participating with the County library to extend this tax and that it will be on the March 2004 ballot. The City will be asking for Morgan Hill citizen support to extend the library tax to operate the library. He felt that this effort is important as libraries are essential to the well being of communities.
- He and Council Member Carr serve on the Council's Economic Development Subcommittee (EDS) and have been meeting on a regular basis. He indicated that many of the items are coming up on this evening's agenda and future meetings. He said that a lot of the work of the EDS revolves around the \$3 million of Redevelopment Agency funds that will be made available for downtown projects. The EDS is discussing how it can get proposals submitted, how to categorize projects, and the criterion to be used for judging these projects. He said that the entire Council will be making the awards. He stated that the EDS is reviewing the implementation process at this time.
- The entire Council was able to attend the League of California Cities' annual convention that took place in Sacramento last week. He said that this convention allows Council members to meet and talk to many fellow council members from other communities to exchange ideas. The convention also provides several electoral sessions that one can attend during the day and get updated on different issues of interests across the State. He indicated that he attended a couple of sessions on ethics, indicating that the City will be conducting its own session on ethics soon.

CITY MANAGER REPORT

City Manager Tewes updated the Council and the community about a presentation he and Mayor Kennedy were able to make last Friday to a State agency called Central Coast Regional Water Quality Control Board. He indicated that this Board has the responsibility for the quality of ground water and surface water, particularly in the water shed that drains to the Monterey Bay and Central Coast. He said that this Board typically meets in San Luis Obispo but that last Friday's meeting was held in Salinas.

The Board invited the City to make a presentation along with colleagues from other communities about the effects of perchlorate on drinking water. He said that the City was very well received by the Board and staff. He indicated that the plume of perchlorate contamination is southerly of Morgan Hill. City staff tried to make the point that Morgan Hill was not peripheral but directly impacted by the perchlorate. He said that impacts include uncertainty to health affects and fiscal impacts to rate payers caused by the perchlorate contamination. He said that the City's consumers of domestic water were impacted during the summer when the City's supplies ran close to the operating margins and reserves. City staff advised the Board that, under the Council's leadership, Morgan Hill has begun to clean up the plume and that it felt that Olin Corporation could be doing more, acting faster in a cooperative fashion as the company has taken on the responsibility of contamination. He said that the questions and comments from the Board suggest that it has a good understanding of what is taking place in the community and the impacts. He felt that the Board expressed a degree of impatience with the pace of development and the need for Olin Corporation to move forward. He said that staff has been pleased with the work and cooperation of the Regional Board staff. However, they have certain limitations about the kinds of official regulatory orders that they may issue. He noted that the Regional Board issued an important order; they directed Olin Corporation to begin studying and testing the ground water contamination north and east of the existing site as it is known that there are trace amounts of perchlorate in some of the City's municipal wells. He said that City staff looks forward to the continued cooperation with the Regional Board and all of the other regulatory agencies.

CITY ATTORNEY REPORT

City Attorney Leichter indicated that she distributed the Monthly Litigation Summary. She stated that there is the addition of a new case this month: Paliska v. City of Morgan Hill (# 12 to the Litigation Summary). She stated that this case has been tendered to the City's insurance company.

OTHER REPORTS

None.

PUBLIC COMMENT

Acting Mayor Pro Tempore/Vice-chair Sellers opened the floor to comments for items not appearing on this evening's agenda.

Yevan Chernoff, 16905 Malaga Drive, indicated that for the past few years, residents have been using Nordstrom Park as an off-leash dog park in the evenings. She informed the Council that there have been some residents who have been cited for having their dogs off leash in the park. She said that recreation staff has been working with residents in trying to open a dog park with a timeline of three-years. She requested that the Council authorize temporary set hours that can be posted for an off-leash dog park, indicating that individuals would be willing to sign waivers that residents are responsible for their dogs and that the City would not be sued. She indicated that dog owners will be willing to conduct fundraising events and write to different places to obtain donations for a dog park.

City Manager Tewes said that the Parks and Recreation Commission addressed this issue. He said that the City's Capital Improvements Program has programmed a facility for a dog park into the future due to lack of funding. He said that the Parks and Recreation Commission is trying to find sites and ways in which the need for a dog park could be established earlier. He felt that it would be appropriate to ask the Parks and Recreation Commission to report back to the Council on these efforts.

Acting Mayor Pro Tempore Sellers stated that the City of Mountain View installed a dog park in recent years and that dog parks have been found to be popular in communities in which they are added. He said that the City and residents have to figure out a way to make a dog park happen in Morgan Hill.

Melodyse Colbert, 16660 Cory Lane, stated her support of dog park hours. She stated that the City is getting a new library, aquatics park and many other facilities, but no facilities for dogs. She said that there is a proposal for a dog park in the distant future. She inquired whether a dog park could be developed sooner, even if there is a reservation of a time slot at Nordstrom Park. She said that there are approximately 50 families who utilize the park at different times.

No other comments were offered.

City Council Action

CONSENT CALENDAR:

Acting Mayor Pro Tempore Sellers indicated that items 3 and 6 would be removed from the Consent Calendar and acted upon separately.

Action: *On a motion by Council Member Carr and seconded by Council Member Tate, the City Council, on a 3-0 vote with Mayor Pro Tempore Chang and Mayor Kennedy absent, **Approved** Consent Calendar Items 1, 2, 4, 5 and 7-11 as follows:*

1. **AUGUST 2003 FINANCE & INVESTMENT REPORT**
Action: **Accepted** and **Filed** Report.
2. **FINAL FISCAL YEAR 2002-2003 BUDGET ADJUSTMENTS**
Action: **Approved** the Proposed Final Budget Adjustments for Fiscal Year 2002-2003.
4. **APPROVAL OF PACIFIC GAS & ELECTRIC (PG&E) FEES FOR AQUATICS CENTER**
Action: **Approved** Payment of Fees to PG&E for the Aquatics Center in the Amount of \$188,592.74.
5. **APPROVAL OF IMPROVEMENT AGREEMENT FOR JASMINE SQUARE**
Action: 1) **Approved** the Improvement Agreement; and 2) **Authorized** the City Manager to Sign the Agreement on Behalf of the City with South County Housing.

7. **UTILITY UNDERGROUNDING FEE DEFERRAL PROGRAM**

Action: 1) **Adopted** Resolution No. 5719, Approving the Utility Undergrounding Fee Deferral Program; and 2) **Authorized** the City Manager to Implement the Program and Make Modifications to the Program, as Appropriate, So Long as All Loan Requests above \$50,000 are Brought Back to the City Council for Approval.

8. **SECOND AMENDMENT TO AGREEMENT WITH THE LAW FIRM OF SHUTE, MIHALY & WEINBERGER, LLP**

Action: **Authorized** the City Manager to Execute a Second Amended Agreement with the Law Firm of Shute, Mihaly & Weinberger, LLP.

9. **ADOPT ORDINANCE NO. 1632, NEW SERIES**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1632, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1472, NEW SERIES, TO AMEND DEVELOPMENT AGREEMENT DA 99-04 TO ALLOW AMENDMENT TO THE SCHOOLS CATEGORY COMMITMENT FOR MEASURE P PROJECT MP-98-24: E. DUNNE-O'CONNELL.**

10. **ADOPT ORDINANCE NO. 1633, NEW SERIES, AS AMENDED**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1633, New Series, as Amended, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1503, NEW SERIES, TO AMEND DEVELOPMENT AGREEMENT DA 00-07 TO ALLOW FOR FLEXIBILITY IN THE CIRCULATION AND SCHOOL CATEGORY COMMITMENTS FOR MEASURE P PROJECT MP-99-16: E. DUNNE-TROVARE.**

11. **ADOPT ORDINANCE NO. 1634, NEW SERIES, AS AMENDED**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1634, New Series, as Amended, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1511, NEW SERIES, TO AMEND DEVELOPMENT AGREEMENT DA 01-01 TO ALLOW FOR FLEXIBILITY IN THE SCHOOLS AND CIRCULATION CATEGORY COMMITMENTS FOR MEASURE P PROJECT MP 00-29: E. DUNNE-TROVARE.**

3. **FOR SALE ATTACHED HOUSING SUBCOMMITTEE**

Director of Community Development Bischoff presented the staff report, indicating that there have been changes in the insurance industry over the past six months to a year that have affected the ability of homebuilders to receive comprehensive liability coverage for their projects. The insurance changes affect attached, for-sale-units, noting that most of the residential projects in Morgan Hill have a certain number of attached units (e.g., BMR units or duet projects). He informed the Council that homebuilders are having difficulty finding insurance at any rate in order to build their projects. This matter was brought to the attention of the Planning Commission of September 9, 2003. He stated that the Planning Commission understands the complexity of the issue and did not take action. Instead, the Planning Commission opted to form a Planning Commission subcommittee to address the matter. In addition, the Planning Commission has asked that a member of the Architectural Review Board and one or two members of the City Council participate in this effort, if interested. He said that when the Planning Commission formed the subcommittee, it was the expectation that there would be a number of meetings involved. He indicated that the subcommittee has met twice and that based upon the progress made, it is believed that only one additional meeting will be necessary. This meeting is scheduled for September 25, 2003 at 3 p.m. When this meeting is concluded, the subcommittee will forward a report to the Council on October 1.

Acting Mayor Pro Tempore Sellers said that in reading the staff report, he appreciated the initiative taken by the Planning Commission on this issue in forming a subcommittee. He stated that this is a fairly unusual circumstance, addressing items via subcommittees as the Council does. He stated that it seems procedurally unusual, that the Planning Commission would form a subcommittee; inquiring whether there was anything that would preclude them to do so. He stated that he was anxious about the fact that the Planning Commission has already formed their meetings and now is asking the Council to participate. He did not know if it made sense for the Council to participate at this late stage of the process. He inquired whether the Planning Commission was overlooking something or whether there was something that the Council should direct them to do in the future so that the Council can make sure that it participates at the beginning of the process in the future.

Mr. Bischoff said that due to the sense of urgency the Planning Commission felt that it was important to act quickly. At the time the Planning Commission formed the subcommittee, he did not believe that the Commission expected that two meetings would be held within a week of their request to form the subcommittee. He did not know if the Planning Commission was directing the ARB to participate and felt that the Council may be interested in participating in this effort. He said that it is uncommon for the Commission to appoint a subcommittee to address a variety of matters that come before them.

Acting Mayor Pro Tempore Sellers said that the issue to him was that the Planning Commission was asking members of the ARB and a member of the Council to participate in the subcommittee. He inquired whether this triggers a different process. He inquired whether there were other issues that are raised by this process. He felt that the Planning Commission should have approached the Council, procedurally.

City Attorney Leichter said that it does not appear that there is expressed authority for the Planning Commission to go beyond the purview of their own committee in appointing subcommittees. She said that this is an issue that staff will be looking at. She said that the Council may want to discuss this issue

with the Planning Commission and give them direction in this regard at the next scheduled joint meeting.

Acting Mayor Pro Tempore Sellers opened the floor to public comment.

Dick Oliver said that if there was anyone at fault for rushing this issue, it was himself as a developer. He said that the subcommittee would appreciate Council input. He informed the Council that no decision has been made because the subcommittee felt that it needed Council input to make sure that it is on the right track. He indicated that he is a member of this subcommittee. He said that the urgency is that there are existing Measure P development agreements. He stated that he has a project that needs to commence construction within the next 1.5 months and that he cannot secure insurance. The alternative would be to tweak the plans which would require the adoption of the ordinance being considered. He said that there is some lead time needed to modify plans. This would place his project in a time bind. He said that it is important for developers to keep the process going. He said that a construction loan has to meet the time constraints of the agreement. Therefore, there is urgency to this from a developer's perspective. He said that the subcommittee does not want to do anything that does not have the support of the City Council.

Council Member Tate noted that the subcommittee has already met twice and that it is expected to get to a decision point at the third meeting. He inquired whether it would be more efficient for the subcommittee to come to a conclusion and then come to the City Council with a recommendation.

Mr. Oliver felt that it would be helpful to have a Council member on the subcommittee to provide input. The subcommittee could tweak its recommendation and return to the Council October 1. If done the other way, a month could be lost, noting that this month is critical in the process.

City Attorney Leichter indicated that she met with the subcommittee this afternoon and went over options for implementing what they were suggesting in terms of addressing the insurance problem. She said that it is staff's hope to bring several options to the Council on October 1 so that it can provide staff with direction on which direction it would like staff to pursue in terms of revising ordinances. She indicated that the Council will have the opportunity to discuss this issue in more detail at its October 1st meeting. Staff will take Council direction back to the Planning Commission on October 14, with the hope of bringing this item back to the Council, if necessary on October 15 for implementation.

Acting Mayor Pro Tempore Sellers inquired if it was Mr. Oliver's sense that this would be a short term situation or will it be a situation where the City will be dealing with this situation for quite a while because there are different legislative remedies being considered.

Mr. Oliver said that developers are very hopeful that at the State level and with the support of the National Association of Homebuilders, that the issue will be resolved within two years. He said that it takes 1 or 2 years for the insurance industry to find out what will work and what will it feasible for developers.

Rocky Garcia indicated that he serves on this subcommittee as well. He informed the Council that ARB Member Jim Fruit serves on this subcommittee and that he has been very helpful. He said that the subcommittee has gone through the process very directly. He felt that the assistance of one Council member would be appreciated. He said that his situation is different from Mr. Oliver as he has two development agreements that have BMR attached units. These units are directly affected and that he cannot get insurance for these units to build them.

No further comments were offered.

Council Member Carr expressed concern about interjecting Council comments two-thirds of the way into the process as this may slow the process down. If this issue is going to return to the Council in early October with options, the Council will need to be ready to work through the options as he understands the time urgency. He indicated that he is not available to participate at the next subcommittee meeting.

Council Member Tate shared Council Member Carr's concern. However, he stated that he would be available for the next subcommittee meeting until 5:00 p.m.

Acting Mayor Pro Tempore Sellers said that Council Member Tate's years on the Planning Commission will enhance his ability to understand the issues and come up to speed quickly; noting that he is available to attend the next scheduled meeting.

Action: *On a motion by Council Member Carr and seconded by Acting Mayor Pro Tempore Sellers, the City Council, on a 3-0 vote with Mayor Pro Tempore Chang and Mayor Kennedy absent, **Appointed** Council Member Tate to the Attached Housing Subcommittee.*

6. AWARD OF BID FOR SAN PEDRO PONDS FENCING PROJECT

Deputy Director of Public Works Struve presented the staff report. He indicated that because the project is located on the Santa Clara Valley Water District property, it requires and necessitates a joint use agreement between the two agencies. He said that the Council adopted and approved the joint use agreement on July 2, 2003 and that it was forwarded to the Water District. He said that staff is requesting award of the contract to install fencing along the perimeter of all of the trails; creating passive use trails throughout the project. He informed the Council that the Water District took action yesterday to adopt the joint use agreement but that they struck out two words in the agreement that would affect the format approved by the Council on July 2. The Water District struck out the words "and bicyclist" from recital 3 of the joint use agreement. He stated that the Water District intends this to be a passive use park until such time that the trails become paved. He said that the modification would preclude bicyclist from using the passive use trails.

Council Member Tate said the amendment is a safety consideration as there is no separation between cyclist and pedestrians.

Council Member Carr said that he was never under the impression that bicyclist going to be included.

Acting Mayor Pro Tempore Sellers opened this item to public comment. No comments were offered.

Action: *On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 3-0 vote with Mayor Pro Tempore Chang and Mayor Kennedy absent: 1) **Appropriated** an Additional \$25,000 for the Project with Additional Prop. 12 Grant Funding; and 2) **Awarded** Contract to Cyclone Fence and Iron (CFI) for the Construction of Fencing and Gates in the Amount of \$87,010.*

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Council/Agency Member Carr and seconded by Council/Agency Member Tate, the Council/Agency Board, on a 3-0 vote with Mayor Pro Tempore/Vice-chair Chang and Mayor/Chair Kennedy absent, **Approved** Consent Calendar Items 12 and 13, as follows:*

12. **JOINT SPECIAL AND REGULAR REDEVELOPMENT AGENCY AND SPECIALS CITY COUNCIL MEETING MINUTES FOR AUGUST 27, 2003**

Action: **Approved** the Minutes as submitted.

13. **JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES FOR SEPTEMBER 3, 2003**

Action: **Approved** the Minutes as submitted.

City Council Action

PUBLIC HEARINGS:

14. **GENERAL PLAN AMENDMENT APPLICATION: GPA 02-08: MONTEREY-PINN BROTHERS** (Continued from August 20, 2003 Meeting)

Director of Community Development Bischoff informed the Council that this item has been continued twice previously by the Council. He informed the Council that the applicant is requesting a third continuance.

Acting Mayor/Chairperson Sellers reconvened the public hearing. No comments being offered, the public hearing was closed.

Action: *On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 3-0 vote with Mayor Pro Tempore Chang and Mayor Kennedy absent, **Tabled** This Item.*

15. CONVERSION OF RESIDENTIAL UNITS FOR COMMERCIAL USES IN THE DOWNTOWN AREA – *Ordinances 1635 and 1636, New Series*

Director of Business Assistance and Housing Services Toy presented the staff report.

Acting Mayor Pro Tempore/Vice-Chair Sellers opened the Public Hearing. No comments being offered, the public hearing was closed.

Action: *On a motion by Council Member Tate and seconded by Council Member Carr, the City Council on a 3-0 vote with Mayor Pro Tempore Chang and Mayor Kennedy absent, **Waived** the Reading in Full of Ordinance No. 1635, New Series; Amending Chapter 3.56 of the Municipal Code.*

Action: *On a motion by Council Member Tate and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1635, New Series, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 3.56.130 of CHAPTER 3.56 (Development Impact Mitigation Fees) of TITLE 3 (Revenue and Finance) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING EXEMPTION OF CONVERSIONS OF RESIDENCES TO COMMERCIAL USES AND/OF ADDITION OF LIMITED INCREASED SPACE IN STRUCTURES LOCATED IN CC-R DISTRICT FROM DEVELOPMENT IMPACT MITIGATION FEES**, by the following roll call vote: *AYES: Carr, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang, Kennedy.**

Action: *On a motion by Council Member Tate and seconded by Council Member Carr, the City Council, on a 3-0 vote with Mayor Pro Tempore Chang and Mayor Kennedy absent, **Waived** the Reading in Full of Ordinance No. 1636, New Series; Amending Chapter 12.02 of the Municipal Code.*

Action: *On a motion by Council Member Tate and seconded by Council Member Carr the City Council **Introduced** Ordinance No. 1636, New Series by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 12.02.190 (Exceptions) OF CHAPTER 12.02 (Street and Sidewalk Development) OF TITLE 12 (Streets, Sidewalks and Public Places) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING EXEMPTION OF CONVERSIONS OF RESIDENCES TO COMMERCIAL USES AND/OF ADDITION OF LIMITED INCREASED SPACE IN STRUCTURES LOCATED IN CC-R DISTRICT** by the following roll call vote: *AYES: Carr, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: Chang, Kennedy.**

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Acting Mayor Pro Tempore/Vice-Chair Sellers adjourned the meeting at 7:42 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



CITY COUNCIL STAFF REPORT

MEETING DATE: September 24, 2003

ALTERNATIVES TO SPRINKLER PROTECTION FOR RESIDENTIAL TO COMMERCIAL CONVERSIONS IN DOWNTOWN

RECOMMENDED ACTION(S): Approve the guidelines for alternative methods and materials for in-lieu sprinkler protection for residential to commercial conversions in downtown.

Agenda Item # 6

Approved By:

BAHS Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: Over the past several weeks, some property owners have approached staff about the difficulties they face in converting their residential units for commercial uses as well as expanding their existing commercial buildings in the downtown area. Their concerns relate to impact fees, offsite improvements, and fire sprinkler requirements. Currently, the City's Municipal Code requires that when residential units convert to commercial uses they must install commercial fire sprinkler systems. These costs are in addition to any tenant improvements, payment of impact fees, and improvements needed to bring the structure up to building code requirements (e.g., ADA) for commercial uses.

At the August 27, 2003 Council meeting, staff reported on its efforts to reduce economic barriers to conversions including working with the County Fire Department to develop reasonable alternatives to fire sprinklers. Depending on the structure, commercial fire sprinklers will cost \$20,000 to \$30,000 to install in a converted unit. County Fire and city staff both agree that this cost to install fire sprinklers would place an unreasonable financial burden on conversions.

To address this situation, staff and County Fire have agreed on the attached set of guidelines which allow alternatives to commercial sprinkler systems for specific uses. The key points of the guidelines are as follows:

- Conversion of residential units in the downtown CC-R zone to commercial uses will be exempted from installing fire sprinklers (see map);
- Commercial cooking operations, operations storing hazardous materials, or additions/expansions of residential or commercial units are not eligible for this exemption;
- In-lieu of sprinklers, a unit must have a monitored smoke detection system throughout all usable spaces of the unit;
- All changes in occupancy shall meet all other applicable codes;
- Residential units converting must be less than two thousand (2,000) square feet in size to be eligible;
- These guidelines shall be reviewed with the adoption of new codes. This will most likely occur in the next three or four years.
- The Chief Building Official is responsible for implementing this process.

Upon approval of these guidelines by the City Council, the building division will implement these guidelines in their review of residential-to-commercial conversions

FISCAL IMPACT: not applicable

**GUIDELINES FOR ALTERNATIVE METHODS AND MATERIALS FOR IN-LIEU
SPRINKLER PROTECTION FOR RESIDENTIAL TO COMMERCIAL CONVERSIONS.**

- Conversion of a residential unit in a CC-R zone from R occupancy to a B or M occupancy may apply to the Chief Building Official for alternative methods and materials in-lieu of fire sprinkler protection.
- Commercial cooking operations as allowed within the B or M occupancies are not eligible to apply for alternative methods and materials in-lieu of fire sprinklers.
- Commercial uses that require Fire Code permits for hazardous materials and/or Hazardous Materials Storage Ordinance permits are not eligible for alternative methods and materials in-lieu of fire sprinklers.
- The alternative methods and materials shall, at a minimum, require the installation of a monitored smoke detection system throughout all usable spaces of the unit as approved by the fire department.
- All changes in occupancy shall meet all other applicable codes.
- Additions/expansions of residential or commercial units in the CC-R zone shall be required to meet all applicable codes and are not eligible to apply for this alternative methods and materials process.
- Residential units must be two thousand (2,000) square feet and less in size to be eligible to apply for this alternative methods and materials.
- These guidelines shall be reviewed with the adoption of new codes.
- This application and process is subject to change at any time by the Chief Building Official.



CITY COUNCIL STAFF REPORT

MEETING DATE: September 24, 2003

ESTABLISHMENT OF CLASSIFICATION AND SALARY RANGE FOR NEW POSITION OF RECREATION SERVICES COORDINATOR.

RECOMMENDED ACTION:

Adopt the attached new job description and salary range for the position of Recreation Services Coordinator.

EXECUTIVE SUMMARY:

As the Recreation and Community Services Division moved into the Community and Cultural Center, they experienced a tremendous growth in class and event programming, event support, party package reservations and increased support of Youth Advisory Committee and YES committees. As a result, a position is needed to direct programming coordination in specific areas, supervise temporary staff and to support the workload of the reporting supervisor. This position would be responsible for program budgets, scheduling of events and staff, staffing of temporary positions, publicity, and for renting schedules.

FISCAL IMPACT:

There is no fiscal impact. A half-time Office Assistant II position and a half-time recreation leader position were eliminated to fund this position.

LIST OF ATTACHMENTS:

ATTACHMENT A:

Proposed Classification Specification for Recreation Services Coordinator

ATTACHMENT B:

Proposed salary range for Recreation Services Coordinator

Agenda Item # 7

Prepared By:

Administrative Analyst

Approved By:

(Department Director)

Submitted By:

City Manager

RECREATION SERVICES COORDINATOR (Youth & Teens)

DEFINITION:

Under general supervision of the Recreation Supervisor, plans, organizes, and supervises services, programs and activities of the Youth and Teens program for the City's Recreation and Community Services Division.

CLASS CHARACTERISTICS:

Employees assigned to this class are responsible for planning, coordinating, and implementing community leisure service and recreation programs for the Youth and Teens program in the community. The incumbent is expected to perform routine and difficult staff work in recreation and take specific responsibility for the assigned recreation programs and oversee temporary and seasonal personnel.

IMPORTANT AND ESSENTIAL JOB FUNCTIONS:

Duties may include, but are not limited to, the following:

1. Plans, implements, supervises and evaluates the Youth Advisory Committee that reports to the Parks and Recreation Commission.
2. Organizes, develops, supervises, advertises or markets and coordinates Youth and Teens recreation program activities.
3. Supervises the Mobile Recreation Van program to include schedule, staffing, training, programming and supplies.
4. Assists with recruitment, training and supervision of part-time recreation leaders for the mobile van and after-school programs.
5. Networks with schools and other appropriate groups in providing youth and teen services.
6. Provides support for new programming with the Recreation Supervisor in the areas of programs for special needs, cultural arts and expression, special events and responds to new requests and proposals.
7. Expand youth and teen recreation programs and information; develop promotion plan for programs and extend outreach; further develop information link to agencies and

Recreation Services Coordinator

IMPORTANT AND ESSENTIAL JOB FUNCTIONS (continued)

- organizations providing youth and teen recreation and community services.
8. Under direction, will establish performance objectives for programs and partners.
 9. Plans, organizes and coordinates special events for youth and teens.
 10. Provides support to Recreation Supervisor on a variety of assignments.
 11. Provides class programming support for Recreation Supervisor.

MARGINAL/PERIPHERAL JOB FUNCTIONS:

1. Performs as staff liaison to Youth Advisory Committee.
2. Supports Recreation Supervisor in his/her absence.
3. Performs related duties and responsibilities as required.

QUALIFICATIONS:

Knowledge of:

1. Recreation program activities such as sports, games, arts, crafts, dramatics and music as they pertain to the interests of youth and teens.
2. Principles and practices of recreation program planning, development and administration.
3. Community resources and recreation service providers in Morgan Hill.
4. Principles and techniques of effective supervision and training.
5. Rules and equipment used in assigned program areas, such as a variety of athletic activities and cultural enrichment materials.
6. Standard program evaluation methods and report writing procedures.

Skill in:

Recreation Services Coordinator

1. Responding effectively to program issues and customer interests.
2. Planning programs, special events and leisure service activities for youth and teens.
3. Providing outstanding customer service.
4. Preparing clear, concise and effective publicity and informational materials, reports, correspondence and other written materials.
5. Analyzing problems, evaluating alternatives and making creative recommendations.
6. Planning and presenting material to youth and teens.
7. Proper supervision procedures and techniques.
8. Using personal computer for word processing and the development of informational materials.
9. Maintaining accurate and organized records.
10. Developing and maintaining effective working relationships with those contacted in the course of work.

Ability to:

1. Travel to various sites in the City to complete work activities.
2. Work outdoors in a variety of weather and atmospheric conditions.
3. Work irregular hours, shifts, or weekends as required.
4. Relate effectively and communicate with youth and teens.

JOB REQUIREMENTS:

1. Equivalent to graduation from high school plus at least two years of college with major course work in recreation/leisure services, public administration or closely related field.
2. Minimum of two years of responsible experience in the recreation/leisure field. Experience working with youth and teen programming, and public recreation preferred.

Recreation Services Coordinator

3. Possession of a valid California Class C driver's license in compliance with adopted City driving standards.
4. First Aid and CPR certified preferred

MACHINE/TOOLS/EQUIPMENT UTILIZED

1. Automobile
2. Keys to City locks
3. Reports, forms, pencils, and pens
4. Computer monitor, keyboard and printer
5. Copy machines
6. Fax machines
7. Calculator
8. Telephone
9. Recreation equipment

PHYSICAL DEMANDS:

1. Mobility
2. Speaking/Hearing
3. Seeing
4. Sitting, standing, or walking for expended periods of time
5. Use of fingers/manual dexterity
6. Driving
7. Lifting, bending and moving of boxes, equipment, tables, chairs, etc.

ENVIRONMENTAL AND ATMOSPHERIC CONDITIONS

1. Indoors: office conditions, 50% of time
2. Outdoors: varying conditions, 50% of time
3. Noise level: conducive to office and field setting
4. Lighting: conducive of office and field setting
5. Flooring: low level carpeting
6. Ventilation: provided by central air conditioning
7. Dust: normal, indoor levels
8. Travel

Exhibit A

CITY OF MORGAN HILL AFSCME LOCAL 101 MONTHLY SALARY FOR FULL-TIME EMPLOYEES BY CLASSIFICATION - EXHIBIT A

Effective 6/23/03												
Position	A Monthly	A Hourly	B Monthly	B Hourly	C Monthly	C Hourly	D Monthly	D Hourly	E Monthly	E Hourly	F Monthly	F Hourly
Accountant I	\$4,329.92	\$24.98	\$4,546.42	\$26.23	\$4,773.74	\$27.54	\$5,012.42	\$28.92	\$5,263.04	\$30.36	\$5,526.20	\$31.88
Accounting Asst. I	\$2,709.36	\$15.63	\$2,844.83	\$16.41	\$2,987.07	\$17.23	\$3,136.42	\$18.09	\$3,293.24	\$19.00	\$3,457.91	\$19.95
Accounting Asst. II	\$2,991.03	\$17.26	\$3,140.58	\$18.12	\$3,297.61	\$19.02	\$3,462.49	\$19.98	\$3,635.62	\$20.97	\$3,817.40	\$22.02
Administrative Secretary	\$3,381.33	\$19.51	\$3,550.40	\$20.48	\$3,727.92	\$21.51	\$3,914.31	\$22.58	\$4,110.03	\$23.71	\$4,315.53	\$24.90
Apprentice Utility Worker	\$2,709.36	\$15.63	\$2,844.83	\$16.41	\$2,987.07	\$17.23	\$3,136.42	\$18.09	\$3,293.24	\$19.00	\$3,457.91	\$19.95
Assistant Planner	\$4,329.92	\$24.98	\$4,546.42	\$26.23	\$4,773.74	\$27.54	\$5,012.42	\$28.92	\$5,263.04	\$30.36	\$5,526.20	\$31.88
Assistant Engineer	\$4,660.86	\$26.89	\$4,893.90	\$28.23	\$5,138.60	\$29.65	\$5,395.53	\$31.13	\$5,665.30	\$32.68	\$5,948.57	\$34.32
Associate Planner	\$4,660.86	\$26.89	\$4,893.90	\$28.23	\$5,138.60	\$29.65	\$5,395.53	\$31.13	\$5,665.30	\$32.68	\$5,948.57	\$34.32
Associate Engineer	\$5,406.08	\$31.19	\$5,676.38	\$32.75	\$5,960.20	\$34.39	\$6,258.21	\$36.11	\$6,571.12	\$37.91	\$6,899.68	\$39.81
Building Permit Technician	\$3,732.47	\$21.53	\$3,919.09	\$22.61	\$4,115.05	\$23.74	\$4,320.80	\$24.93	\$4,536.84	\$26.17	\$4,763.68	\$27.48
Building Inspector	\$4,548.44	\$26.24	\$4,775.86	\$27.55	\$5,014.66	\$28.93	\$5,265.39	\$30.38	\$5,528.66	\$31.90	\$5,805.09	\$33.49
Business Assistance Housing Analyst	\$4,660.86	\$26.89	\$4,893.90	\$28.23	\$5,138.60	\$29.65	\$5,395.53	\$31.13	\$5,665.30	\$32.68	\$5,948.57	\$34.32
Code Enforcement Officer	\$4,162.48	\$24.01	\$4,370.60	\$25.22	\$4,589.13	\$26.48	\$4,818.59	\$27.80	\$5,059.52	\$29.19	\$5,312.50	\$30.65
Custodian	\$2,208.27	\$12.74	\$2,318.68	\$13.38	\$2,434.62	\$14.05	\$2,556.35	\$14.75	\$2,684.17	\$15.49	\$2,818.37	\$16.26
Electrician	\$4,548.44	\$26.24	\$4,775.86	\$27.55	\$5,014.66	\$28.93	\$5,265.39	\$30.38	\$5,528.66	\$31.90	\$5,805.09	\$33.49
Engineering Aide I	\$3,381.33	\$19.51	\$3,550.40	\$20.48	\$3,727.92	\$21.51	\$3,914.31	\$22.58	\$4,110.03	\$23.71	\$4,315.53	\$24.90
Engineering Aide II	\$3,732.47	\$21.53	\$3,919.09	\$22.61	\$4,115.05	\$23.74	\$4,320.80	\$24.93	\$4,536.84	\$26.17	\$4,763.68	\$27.48
Facilities Maintenance Specialist	\$3,641.52	\$21.01	\$3,823.60	\$22.06	\$4,014.78	\$23.16	\$4,215.51	\$24.32	\$4,426.29	\$25.54	\$4,647.60	\$26.81
Grounds Keeper	\$2,734.37	\$15.78	\$2,871.09	\$16.56	\$3,014.64	\$17.39	\$3,165.38	\$18.26	\$3,323.64	\$19.17	\$3,489.83	\$20.13
Housing Program Coordinator	\$4,660.86	\$26.89	\$4,893.90	\$28.23	\$5,138.60	\$29.65	\$5,395.53	\$31.13	\$5,665.30	\$32.68	\$5,948.57	\$34.32
Housing Rehab Coordinator	\$4,660.86	\$26.89	\$4,893.90	\$28.23	\$5,138.60	\$29.65	\$5,395.53	\$31.13	\$5,665.30	\$32.68	\$5,948.57	\$34.32
Junior Engineer	\$4,329.92	\$24.98	\$4,546.42	\$26.23	\$4,773.74	\$27.54	\$5,012.42	\$28.92	\$5,263.04	\$30.36	\$5,526.20	\$31.88
Maintenance Worker I	\$2,991.03	\$17.26	\$3,140.58	\$18.12	\$3,297.61	\$19.02	\$3,462.49	\$19.98	\$3,635.62	\$20.97	\$3,817.40	\$22.02
Maintenance Worker II	\$3,300.50	\$19.04	\$3,465.53	\$19.99	\$3,638.80	\$20.99	\$3,820.74	\$22.04	\$4,011.78	\$23.14	\$4,212.37	\$24.30
Maintenance Supervisor	\$4,437.29	\$25.60	\$4,659.15	\$26.88	\$4,892.11	\$28.22	\$5,136.72	\$29.63	\$5,393.55	\$31.12	\$5,663.23	\$32.67
Management Analyst	\$4,437.29	\$25.60	\$4,659.15	\$26.88	\$4,892.11	\$28.22	\$5,136.72	\$29.63	\$5,393.55	\$31.12	\$5,663.23	\$32.67
Municipal Services Assistant	\$3,065.55	\$17.69	\$3,218.83	\$18.57	\$3,379.77	\$19.50	\$3,548.76	\$20.47	\$3,726.20	\$21.50	\$3,912.50	\$22.57

Exhibit A

CITY OF MORGAN HILL AFSCME LOCAL 101 MONTHLY SALARY FOR FULL-TIME EMPLOYEES BY CLASSIFICATION - EXHIBIT A - Page 2

Effective 6/23/03												
Position	A Monthly	A Hourly	B Monthly	B Hourly	C Monthly	C Hourly	D Monthly	D Hourly	E Monthly	E Hourly	F Monthly	F Hourly
Office Assistant I	\$2,278.63	\$13.15	\$2,392.56	\$13.80	\$2,512.19	\$14.49	\$2,637.80	\$15.22	\$2,769.69	\$15.98	\$2,908.17	\$16.78
Office Assistant II	\$2,777.57	\$16.02	\$2,916.45	\$16.83	\$3,062.27	\$17.67	\$3,215.38	\$18.55	\$3,376.15	\$19.48	\$3,544.96	\$20.45
Planning Technician	\$3,827.21	\$22.08	\$4,018.57	\$23.18	\$4,219.50	\$24.34	\$4,430.47	\$25.56	\$4,652.00	\$26.84	\$4,884.60	\$28.18
Recreation Services Coordinator	\$3,641.52	\$21.01	\$3,823.60	\$22.06	\$4,014.78	\$23.16	\$4,215.51	\$24.32	\$4,426.29	\$25.54	\$4,647.61	\$26.81
Public Works Inspection Supervisor	\$5,676.38	\$32.75	\$5,960.20	\$34.39	\$6,258.21	\$36.11	\$6,571.12	\$37.91	\$6,899.68	\$39.81	\$7,244.66	\$41.80
Public Works Inspector	\$4,548.44	\$26.24	\$4,775.86	\$27.55	\$5,014.66	\$28.93	\$5,265.39	\$30.38	\$5,528.66	\$31.90	\$5,805.09	\$33.49
Senior Building Inspector/Facilities Maint. Coordinator	\$5,676.38	\$32.75	\$5,960.20	\$34.39	\$6,258.21	\$36.11	\$6,571.12	\$37.91	\$6,899.68	\$39.81	\$7,244.66	\$41.80
Senior Maintenance Worker	\$3,641.52	\$21.01	\$3,823.60	\$22.06	\$4,014.78	\$23.16	\$4,215.51	\$24.32	\$4,426.29	\$25.54	\$4,647.60	\$26.81
Senior Utility Worker	\$3,641.52	\$21.01	\$3,823.60	\$22.06	\$4,014.78	\$23.16	\$4,215.51	\$24.32	\$4,426.29	\$25.54	\$4,647.60	\$26.81
Senior Water Meter Service Worker	\$3,641.52	\$21.01	\$3,823.60	\$22.06	\$4,014.78	\$23.16	\$4,215.51	\$24.32	\$4,426.29	\$25.54	\$4,647.60	\$26.81
Senior Public Works Inspector	\$4,897.05	\$28.25	\$5,141.90	\$29.66	\$5,399.00	\$31.15	\$5,668.95	\$32.71	\$5,952.39	\$34.34	\$6,250.01	\$36.06
Utility Worker I	\$2,991.03	\$17.26	\$3,140.58	\$18.12	\$3,297.61	\$19.02	\$3,462.49	\$19.98	\$3,635.62	\$20.97	\$3,817.40	\$22.02
Utility Worker II	\$3,300.50	\$19.04	\$3,465.53	\$19.99	\$3,638.80	\$20.99	\$3,820.74	\$22.04	\$4,011.78	\$23.14	\$4,212.37	\$24.30
Utility Supervisor	\$4,879.96	\$28.15	\$5,123.96	\$29.56	\$5,380.16	\$31.04	\$5,649.16	\$32.59	\$5,931.62	\$34.22	\$6,228.20	\$35.93
Water Meter Service Worker	\$3,300.50	\$19.04	\$3,465.53	\$19.99	\$3,638.80	\$20.99	\$3,820.74	\$22.04	\$4,011.78	\$23.14	\$4,212.37	\$24.30
Water Quality Specialist	\$3,641.52	\$21.01	\$3,823.60	\$22.06	\$4,014.78	\$23.16	\$4,215.51	\$24.32	\$4,426.29	\$25.54	\$4,647.60	\$26.81



CITY COUNCIL STAFF REPORT

MEETING DATE: September 24, 2003

ESTABLISHMENT OF ADDITIONAL POLICE OFFICER POSITION FOR LIMITED PERIOD BECAUSE OF UNUSUAL CIRCUMSTANCES.

RECOMMENDED ACTION:

1. Establish additional Police Officer position for limited period.
2. Appropriate \$60,900.00 in the General Fund (010) for Fiscal Year 2003/04.

EXECUTIVE SUMMARY:

Day-to-day City operations in the Police Department are currently being strained because of the necessity for two employees to be off work for an extended period of time. These employees are covered by workers' compensation statutes and they have not yet been declared as permanent and stationary by their attending physicians. Until the time that the workers can return to work or qualify for vocational rehabilitation benefits, their positions cannot be "overfilled" by other employees, except by the use of overtime; as a result, employees have been working many overtime hours to fill in. At this time, staff recommends establishing and funding one additional benefited position for the remainder of this fiscal year, or until such time as one of these claims is resolved. The position will be eliminated (and the funding frozen) at the time one of the injured workers returns to work or, in the event an employee cannot return to work, the new individual will be moved into the original position. It is anticipated that resolution will occur by the end of fiscal year 2003-04.

FISCAL IMPACT:

Appropriations to the General Fund will need to be made to cover the emergency position and will be monitored and suspended upon resolution of the workers' compensation claim. There will be cost savings recovered in filling the position by reducing the significant amount of overtime hours of other employees.

LIST OF ATTACHMENTS:

ATTACHMENT A:

Agenda Budget Scorecard

Agenda Item # 8

Prepared By:

Administrative Analyst

Approved By:

(Department Director)

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: September 24, 2003

ADOPTION OF RESOLUTION IN SUPPORT OF WATER RESOURCES PROTECTION COLLABORATIVE

RECOMMENDED ACTION(S): Adopt the attached resolution.

EXECUTIVE SUMMARY:

In late 2002, the Santa Clara Valley water district (SCVWD) proposed to amend District Ordinance 83-2 under which District staff reviews and issues permits for development projects within 50 feet of their right-of-way. The proposal included an expansion of their permitting jurisdiction to 150 feet in the vicinity of creeks.

At the November 5, 2002 meeting of the SCVWD Board, representatives of several cities within Santa Clara County expressed strong concerns with the District proposal. At the suggestion of cities and the District staff, the SCVWD agreed to form a Collaborative with representation from all 15 cities, the county, SCVWD and other interest groups such as the Santa Clara county Farm Bureau, Regional Water Quality Control Board and the Creekside Property Owners. Jim Ashcraft, Public Works Director, was appointed by the City manager to represent the City of Morgan Hill on the Collaborative.

The District funded and retained the service of CONCUR, Inc., specializing in facilitation services, to facilitate the efforts of the Collaborative. The Collaborative met every month starting in February 2003 and on July 24, 2003, a Memorandum of Consensus (MOC) attached, was adopted by the Collaborative. The MOC outlines Foundational Principles including the common goal of water resources protection and acknowledges that the Cities and the county are the primary jurisdictions for land use planning and permit regulations. The MOC also lays out a work plan for the next 12 months to jointly develop Guidelines and Standards for developments near streams, a Strategic Plan for the SCVWD similar to a General Plan of the cities, and the implementation of a pilot program for early involvement of SCVWD in the development review process of the cities.

The Collaborative has now finished the first phase of work resulting in the above mentioned work plan and a uniform resolution of support for the Collaborative has been prepared. This resolution will be considered for adoption by all cities, county and other interest groups. The SCVWD Board also approved the 12-month work plan and preliminarily approved a budget of \$475,000 towards the development of items in the work plan.

FISCAL IMPACT:

None to City at this time, except staff time.

Agenda Item # 9

Prepared By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL IN SUPPORT OF THE SANTA CLARA VALLEY WATER RESOURCES PROTECTION COLLABORATIVE MEMORANDUM OF CONSENSUS FOR MUTUAL COOPERATION TO JOINTLY DEVELOP AND IMPLEMENT WATER AND WATERSHED RESOURCES PROTECTION MEASURES, GUIDELINES AND STANDARDS IN SANTA CLARA COUNTY

WHEREAS, the Santa Clara Valley Water District (“SCVWD”), along with staff representatives of the County of Santa Clara (“County”), the cities in Santa Clara County (“City,” “Cities”), the Guadalupe-Coyote Resource Conservation District (“GCRCD”), the San Francisco Bay Regional Water Quality Control Board, various business and development interests, environmental and community interests, and a representative of property owners’ interests have formed and are members of the Santa Clara Valley Water Resources Protection Collaborative (“Collaborative”); and

WHEREAS, all Collaborative members share the water and watershed resources protection goals of flood management, drinking water quality and adequate quantity, surface and groundwater quality and quantity, and habitat protection and enhancement; and

WHEREAS, it is recognized that the SCVWD, cities and County through Implementation of their national Pollutant Discharge Elimination System (NPDES) Permits, Best Management Practices and other means have continuously acted to protect the watersheds, water quality and water resources in Santa Clara County; and

WHEREAS, the SCVWD, Cities, County and GCRCD are committed to furthering these goals through the implementation of existing policy, and the timely adoption by the SCVWD, Cities and County of land development policy, guidelines and standards developed collaboratively with other stakeholders; and

WHEREAS, in order to accomplish these goals, the Collaborative recognizes the importance of the interests and principles of: delineation of responsibility for administering collaboratively developed policies, guidelines, and standards, as may be approved, to which SCVWD, County and City activities and permit review shall conform; monitoring and accountability; and private creek-side property owners; and

WHEREAS, it is recognized that local control is the key principle to the implementation of resource protection goals, that Cities and the County are the primary jurisdictions for land use planning and land use permit regulation; and

WHEREAS, the broader stakeholder community has an important role in local stewardship and enhanced resource protection; and

WHEREAS, the Collaborative has reached consensus on Foundational Principles and Key Elements to guide cooperative efforts aimed at enhanced water and watershed resources protection; now

THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill to support the efforts of the staff representatives of the Collaborative to develop and propose for future adoption by the respective Boards of the County and the SCVWD and the Councils of the Cities those water and watershed resources protection measures, guidelines and standards that are developed in accordance with the Memorandum of Consensus to Jointly Develop and Implement Water and Watershed Resources Protection Measures, Guidelines and Standards in Santa Clara County.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 24th Day of September, 2003, by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

🦉 CERTIFICATION 🦉

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Special Meeting held on September 24, 2003.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: SEPTEMBER 24, 2003

APPROVAL OF AMENDED PURCHASE AGREEMENT FOR TENNANT AVENUE WIDENING PROJECT (APN: 817-04-007)

RECOMMENDED ACTION: Approve amended purchase agreement and authorize the City Manager to execute purchase agreement, subject to approval as to form by the City Attorney, with the owners of APN 817-04-007 for total compensation of \$51,500 plus escrow and closing costs.

Agenda Item # 10

Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: On August 27, 2003 Council approved, as recommended by our real property acquisition consultant, total compensation in the amount of \$47,741 for the acquisition of a 2,129 square foot right-of-way from APN 817-04-007 (Exhibit "B"). Subsequent to the council meeting, we learned there was a communication problem between the owner's representative and our real property acquisition consultant, resulting in an amended recommendation to approve total compensation in the amount of \$51,500, plus escrow and closing costs, per attached Exhibit "A".

The remaining three properties necessary for this project have rental units which would require relocation or demolition due to their proximity to the widened roadway. Although all the property owners expressed support for the completion of this project, there are monetary issues which have been very hard to resolve. Cutler & Associates, the City's Real Estate and Property Acquisition Consultant, has been negotiating with the remaining three owners.

The plans and specifications for this project are currently on hold until all of the acquisitions are finalized. It remains our goal to begin construction this fall, contingent upon acquiring right-of-way. Based on this time schedule, it is anticipated that the completion of Tennant Avenue widening will be during the second quarter of 2004.

FISCAL IMPACT: This project is funded in the FY 01/02 Capital Improvement Program (CIP) Budget, Project #507B99.

EXHIBIT A				
PROPERTY APN #	PROPERTY OWNER	PURCHASE AMOUNT	ESCROW & TITLE INSURANCE COSTS	TOTAL
817-04-007	CAROLINA H. GOSÉ, TRUSTEE	\$ 51,500	\$3,000	\$54,500



CITY COUNCIL STAFF REPORT

MEETING DATE: *September 24, 2003*

Agenda Item # 11

Prepared By:

Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager

AQUATICS CENTER PROJECT – AUGUST

CONSTRUCTION PROGRESS REPORT, ADDITIVE

ALTERNATES AND LEEDS CERTIFICATION PROCESS

RECOMMENDED ACTION(S):

1. Progress Report – *Information Only*
2. Approve the addition of bid Alternates: #1-deep competition pool, #2-sprayground, #3-six lane instructional pool and #6-integral colored concrete pool deck for a total contract change order of \$341,728.
3. Direct staff to proceed with attaining LEED's rating without actually receiving certification.

EXECUTIVE SUMMARY:

Previous Council action awarded the contract for construction of the Aquatics Center Project to Gonsalves & Stronck Construction Company, Inc. At that time, staff informed Council that we would report monthly on the progress of the construction. Attached is the progress report for the month of August. This report has been sent to our webmaster for posting on the City's website. Currently, the project is on schedule for contract completion in late May, 2004. The project is currently within budget.

Staff and the project subcommittee are recommending approval of the four bid alternates at this time totaling \$341,728 as discussed at award and as shown on the adopted project budget (attached). As mentioned, the funding for these alternates is from the Value Engineering savings as presented during the meeting of August 20. Our "first round" estimated effort is over \$500,000 of the "targeted" \$550,000 reduction. The contractor is currently obtaining final pricing based on the revised contract documents. Once the final pricing is obtained and if the City Council approves this recommended action, staff will include the preferred additive alternates via change order as follows; #1-deep competition pool for \$7,878, #2-sprayground for \$260,646, #3-six lane instructional pool for \$24,073 and #6-integral colored concrete pool deck for \$49,131. These alternates are necessary per the operations cost recovery model as preliminarily approved by the City Council at the meeting of February 5, 2003.

Finally, it is necessary for the City Council to provide further direction specific to this project regarding LEED's certification. The Morgan Hill Aquatics Center is clearly within reach of achieving LEEDTM "certified" level from the US Green Building council (USGBC). The project is currently registered with the USGBC and while ultimately certification will have to be determined by the USGBC after the LEEDTM documentation is submitted for review, ELS estimates that the project has a current standing of 27 points. A total of 26 points are required to meet LEEDTM "certified" level. It is estimated that the savings realized by not "certifying" could be between \$15,000-\$25,000. This estimated amount is included in the above \$550,000 "targeted" value engineering amount.

FISCAL IMPACT: The previous total project budget of \$12,900,000 is funded in the 2002-2003 CIP Budget, Project Number 115000-Aquatics Complex. An additional \$1,000,000 from the Park Development Fund (CIP#110097) has been allocated to this project for a new total project budget of \$13,900,000. No additional funding is required.



REDEVELOPMENT AGENCY/CITY COUNCIL STAFF REPORT

MEETING DATE: September 24, 2003

Agenda Item # 12

Approved By:

BAHS Director

Submitted By:

Executive Director

SELECTION CRITERIA FOR THE DOWNTOWN REQUEST FOR CONCEPTS PROCESS

RECOMMENDED ACTION(S): Approve the selection criteria and process

EXECUTIVE SUMMARY: In June 2003, the Agency issued a Request for Concepts (RFC) for downtown Morgan Hill. The RFC was an opportunity for all downtown development and /or redevelopment project concepts to be considered by the Agency. Responses to the RFC were due the end of July. Twenty-three proposals were received. The attached matrix summarizes the scope of the submitted proposals. Copies of all the proposals are available upon request.

The Council's ED Subcommittee has met to discuss and establish the attached selection criteria and process for the RFC. The selection criteria are grouped into three levels of priorities: High, Mid-Level, and Low. The ED Subcommittee (Subcommittee) recognizes that many of the low priorities will become higher priorities as proposals move through the process. The Subcommittee has also considered the comments from the Morgan Hill Downtown Association (MHDA) and believes MHDA's suggestions are represented within the recommended criteria, although not necessarily at the same priority level or with the same wording.

With regard to the process, the Subcommittee is recommending a two tiered approach (see attached). Proposals would be divided into two categories:

Category One-Information Gathering

This category includes those proposals that we need more information from in order to begin evaluating the proposals. Staff would meet with the proposers to collect this information. During this meeting, we may also refer some proposers to others to determine if they can merge their proposals to create a more viable project. Overall, the objective is to rank the proposals and determine how they should proceed in the process.

Category Two- "Quick Hitters"

This category includes those proposals that conform to the downtown plan, can be implemented with minimal costs, can be implemented quickly to show results, and require a minimal amount of funds or can be funded with existing Agency programs. The rationale behind moving forward with some of these proposals is that they can be quickly evaluated and action can be taken to implement these proposals in a timely manner

The ED Subcommittee along with staff will evaluate proposals and determine which proposals should fall into category one and two. For those proposals that require financial assistance beyond standard programs, any financial assistance packages will be brought to the Agency for consideration. The ED Subcommittee will report to the Agency on the status of discussions with the "quick hitter" proposals. The Subcommittee will also recommend to the Agency the specific ranking of the proposals in Category One, the proposals that should be invited to continue in the process, and the specific RFP process.

FISCAL IMPACT: None at this time



CITY COUNCIL STAFF REPORT

MEETING DATE: September 24, 2003

Greenbelt Alliance Plan for Coyote Valley

RECOMMENDED ACTION(S):

1. Receive presentation and consider recommendations of Plan
2. Continue to monitor San Jose progress in development of City plan for Coyote Valley

EXECUTIVE SUMMARY:

In response to the City of San Jose's plan to allow development in Coyote Valley, the Greenbelt Alliance convened a year-long series of workshops with a broad spectrum of stakeholders to discuss how Coyote Valley should be developed. The Mayor and City staff participated in that process. The result of the process is a comprehensive vision document "Getting It Right: Preventing Sprawl in Coyote Valley". The Executive Summary and Illustrative Vision of the document are attached to this memo for Council review. The Greenbelt Alliance indicates the plan "shows how San Jose can meet its development targets in a way that promotes environmental sustainability, social equity, economic vitality, and a sense of community." Jessica Fitchen, the South Bay Field Representative of the Greenbelt Alliance, will present a more in-depth description of the document and its recommendations at the Council's September 24th meeting.

The Council is asked to receive and consider the presentation, provide Staff any appropriate direction regarding the plan. In addition, it is recommended the City continue to monitor San Jose's progress in development of its plan for Coyote Valley and provide comment regarding that plan, as well.

FISCAL IMPACT:

No budget adjustment required

Agenda Item #13

Prepared By:

**Community
Development Director**

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: SEPTEMBER 24, 2003

EXTENSION OF FIRE AND EMERGENCY MEDICAL SERVICES CONTRACT

Agenda Item # 14

Submitted By:

City Manager

RECOMMENDED ACTION(S):

- 1. Authorize negotiations with the Santa Clara County Fire Department to extend the current service contract beyond June 30, 2005; and**
- 2. Authorize negotiations with South County Fire District (CDF) regarding implementation of Fire Master Plan recommendations.**

EXECUTIVE SUMMARY:

Since 1995, fire protection services and emergency medical response have been provided to Morgan Hill by a services contract with the Santa Clara County Fire Department. The contract expires on June 30, 2005.

Morgan Hill also enjoys the benefit of an automatic aid agreement that calls for a South County District fire company to respond to emergency calls in the southern portion of the City and to be included in the initial response to all structure fires.

In 2002, the Council adopted a Fire and Emergency Medical Services Master Plan that made a series of recommendations for enhancements and expansion of fire services to meet community needs in the future. Among the recommendations of the Master Plan was a suggestion to add a third person to South County's two person company, a proposal to share Battalion Chief supervision for the entire city, and the establishment of a new fire company and station in the central portion of the city.

Because of long lead times in establishing any new fire protection system, it is important to decide early on any new contractual relationships. Since Morgan Hill has been well served by the current contract, we asked County Fire for an initial proposal rather than initiating a formal "RFP." As discussed in the attached memo, we believe that the County Fire proposal could form the basis for fruitful negotiations leading to a new contract, provided certain policy guidelines are established.

FISCAL IMPACT:

It is anticipated that an extension of the fire contract would increase the General Fund costs. Implementation of the Fire Master Plan would significantly increase costs. In recognition of these future fiscal impacts, the Council has set aside \$1,400,000 as a reserve for implementation of the Master Plan. The purpose of the negotiations would be to provide for an appropriate service level within the available resources.



Memorandum City Manager's Office

Date: September 24, 2003
To: City Council
From: J. Edward Tewes, City Manager
Subject: Fire Services Contract

Background:

The City of Morgan Hill receives fire protection and emergency medical services through a contract with Santa Clara County Fire Department. Following a series of cutbacks in the City's own municipal fire department, the City considered several options and sought competitive proposals from fire service providers. The County was selected and the contract began in 1995.

Under the Contract, the County purchased the City's physical assets such as land, fire stations, apparatus, and equipment. The County also agreed to hire the remaining City fire personnel. The City pays an annual amount pursuant to a formula in the agreement that adjusts costs annually to reflect the lower of either CPI change or changes in the County's labor contract. In the current fiscal year, the City pays \$3,744,977, representing about 23% of General Fund appropriations.

The County provides two engine companies staffed by three persons for each. In addition, the County maintains a third piece of apparatus for structure fire fighting and rescue operations. The County provides operational supervision by a Battalion Chief assigned to Morgan Hill from 8:00 a.m. to 5:00 p.m. on weekdays. The County also provides advanced life support services under an amendment to the contract which is approved annually.

Since the contract expires on June 30, 2005, it is prudent to move quickly to determine our approach to fire services after that date. There are four major options available:

1. To reconstitute a City fire department.
2. To pursue a single unified fire protection agency for urban areas in South Santa Clara County.
3. To pursue competitive proposals for another long term services contract for Morgan Hill.

4. To negotiate with the existing providers for an extension of the services contract.

Because of the long lead time to pursue any of the first three options, we sought an initial proposal from the Santa Clara County Fire Department which is attached. Based on initial conversations with the Fire Chief, we believe there is flexibility to address the policy issues identified below.

Summary of the County's Proposal:

The County proposes to extend the fire services contract through June 30, 2007, for a two year extension to the current arrangements. However, the County proposes a new arrangement for the last year (FY 05) of the current ten year agreement. Beginning in July 2004, the County proposes that the City pay for an additional firefighter to supplement an existing fire company for a total of seven on duty staff, twenty-four hours per day. The County proposes that the contract amendment for provision of staffing by Firefighters/Paramedics be rolled into the base agreement.

The initial cost to the City in FY 05 would be \$4,645,500, adjusted annually by a formula that represents the average of two factors: 1) CPI; and 2) the increase in property valuation in the City of Morgan Hill.

If the City's new fire station is opened and operational during the term of the contract, the County proposes to provide an additional three person engine company for \$2.0 million, plus annual adjustments. In that event, the total staffing would be three, three person companies for a total of nine on duty staff at all times.

The County proposes to continue the automatic aid agreement with the South County Fire Protection District, but proposes, if the City contracts with that District (as recommended in the Master Plan), hydrant and inspection responsibilities for the southern portion of the City be provided by South County.

Issues:

In evaluating the County's initial proposal, we believe it is important to address the following major issues:

- Implementation of the Fire Master Plan
- Staffing Levels
- Initial Cost
- Cost Adjustment Formula
- Overlap with the Current Services Contract

- Term of the Extended Services Contract
- Potential for “Repurchase” of the Land and Fire Stations by the City of Morgan Hill
- Service Level Standards

Fire Master Plan: The Master Plan recommended that the current system, including the reliance on South County, be formalized through a contract with the City rather than simply through an automatic aid agreement among fire agencies. The subjects of such an agreement would be:

- Integrated Dispatch System
- Battalion Chief Level Supervision and Incident Command
- Supplemental Staffing at the South County Station

The Master Plan also recommended that the City construct a new station in the central portion of the community.

The County’s proposal suggests that the increase in staffing recommended by the Master Plan be provided by staffing a County station with four persons rather than by increasing the South County engine company staffing from two to three persons. The County proposal does not address the need for a cooperation agreement for a single Battalion Chief.

We believe both of these issues need to be addressed in the negotiations.

Staffing Levels: The number of persons staffing engine and truck companies is the driving force in establishing the cost of fire protection. As discussed above, the Master Plan recommended the addition of one person, but for the South County engine company.

Under the County proposal, we would increase staffing as early as July 2004.

The timing and approach to increasing staffing levels needs to be addressed in the negotiations.

Initial Cost: The current cost of fire protection services is approximately \$3.7 million. Under the County’s proposal, that would increase to approximately \$4.6 million in the following year, but with increased staffing.

The County's proposal is NOT presented as a cost reimbursement model based on a detailed allocation of direct service costs and overhead. Rather, it is a "lump sum" which the County considers a reasonable payment to provide the level of protection offered.

As a public agency, the County Fire Department is funded by property taxes from a Fire Protection District and contract payments from the cities of Morgan Hill, Campbell, and Los Altos. Over the years, the County has expressed concern that the contract payments have not increased at the same rate that property tax revenues have been received from those jurisdictions within the District. Those increases in property tax revenues have allowed the County to build financial reserves, but nonetheless, the County must be concerned with the perceived equity of the contract arrangements.

The benefit of the "lump sum" approach is that it gives both the City and the County a fixed cost that can be forecast and planned, without regard to changes in costs for any individual line item. From the City's perspective, however, we must evaluate that cost against the alternatives. Could a City Department be reconstituted for less? Would a competitive process lead to lower costs?

At this point, we believe the County's proposal is within a range of reasonableness that suggests we should continue discussions about the elements of the cost proposal, and how the overall cost can be reduced. Most significant in this regard is the issue of when additional staffing should be added, and whether that should be on the South County engine company or the County's.

Cost Adjustment Formula: Under the current contract, the "lump sum" payment is adjusted annually by the lower of either the change in the CPI or the change in labor costs negotiated in the County's labor contracts. As such, the current formula is based on changes in factors that are proxies for changes in cost.

By contrast, the County's new proposal suggests a combination of factors that are proxies for changes in cost and changes in "ability to pay."

The County's proposal is that we use the average of the changes in the CPI index and changes in the secured property values reported for Morgan Hill.

This formula is very likely to lead to higher annual cost increases than we experienced over the past ten years.

Had the County's proposed formula been in place for the current contract, we would have paid about \$3.8 million more over the life of the contract to date with a cost of about \$4.9 million in the current year (see attached).

The County's proposed formula does not reflect the impact of the Redevelopment Agency on the amount of property tax actually received by the City to pay general fund expenses.

We believe that the formula for annual adjustments needs to be addressed in the negotiations, and should be based on a proxy measure of the cost of service and not on revenue received.

Overlap with the Current Services Contract: The current agreement runs through June 2005. The County proposes a higher level of staffing and a higher cost to the City to substitute for the last year of the current agreement.

Since each party negotiated a full ten year agreement, each should receive the full benefit of their bargain.

Whether to renegotiate the last year of the current agreement should be entirely a matter of timing regarding increasing staffing levels, and how that additional staffing is to be provided.

Term of the Extended Services Contract: The County proposes to extend the contract through June 2007 for a two year extension on the current arrangement.

If possible, both parties would probably prefer to have a longer term arrangement, but it is understandable that uncertainties about long range local government finances and about implementation of the Master Plan may lead to a shorter term. Long range alternatives to contracting (e.g., reconstituting a City fire department, or establishing a single regional fire department) would take several years to work through.

We believe the negotiations should seek to provide at least one additional year of certainty through contracting (through June 2008), but it is recognized that a ten year agreement is probably not the best approach at this time.

Potential for "Repurchase" of the Land and Fire Stations: As part of the current contract, the County purchased the City's fire station sites and buildings. In the first five years of the services contract, we received a "credit" for the operations cost based on the calculated value of the assets. The agreement allows the City to repurchase based on current appraisals.

This arrangement helped make the transition to the contract services much easier in 1995, but it clearly limits future options if, for whatever reason, the County no longer provided services under a contract with the City.

The recently enacted Development Impact Fees provide for resources over the next twenty years for new development to “buy in” to the system, including repurchase of the station sites.

We believe this feature of the impact fee program should be considered in the negotiations. It may be possible for assets to be repurchased by the City to the benefit of both the County and the City.

Service Level Standards: The City’s Master Plan includes a set of service level standards that are not currently incorporated into the City’s contract with the County. These include important metrics of community protection like response time, fire suppression performance, emergency medical intervention, and customer service feedback. The negotiations should include incorporating these standards into the contract.

Conclusion and Recommendations:

The cost of fire protection in the future will increase significantly due to increasing labor costs and a growing community.

Extending the current services contract, while formalizing arrangements with the South County District, is the best approach to addressing this challenge in the near term.

It is recommended that the contract negotiations be authorized and the discussions be guided by the analysis of the policy issues identified in this memorandum.

The goal should be to reach a substantial agreement on the business terms no later than January 2004 in order to allow sufficient time for transition or for consideration of alternatives, if necessary.

**TOTAL FIRE EXPENSES, FY 1987/88 -2003/04,
INCLUDING SALE OF PROPERTY**

**EFFECT OF CHANGING
INFLATION FORMULA**

Year	Actual Outlays for Fire Services	Sale of Real Property to SCCFD	Sale of Fire Equipment to SCCFD	Total Cost to Provide Fire Services	Mean of CPI and AV Change	What Contract Cost Would Have Been, if Based on Mean of CPI and AV Change	Difference Between Actual Cost and Cost Under CPI/AV Change Formula
87-88	\$1,388,032	\$0	\$0	\$1,388,032		N/A	
88-89	\$1,691,714	\$0	\$0	\$1,691,714		N/A	
89-90	\$2,264,742	\$0	\$0	\$2,264,742		N/A	
90-91	\$2,330,680	\$0	\$0	\$2,330,680		N/A	
91-92	\$2,233,460	\$0	\$0	\$2,233,460		N/A	
92-93	\$1,986,974	\$0	\$0	\$1,986,974		N/A	
93-94	\$1,870,345	\$0	\$0	\$1,870,345		N/A	
94-95	\$2,175,857	\$0	\$0	\$2,175,857		N/A	
95-96	\$2,660,171	\$195,650	\$132,225	\$2,988,046		\$2,988,046	\$0
96-97	\$3,057,620	\$210,095	\$141,987	\$3,409,702	6.8%	\$3,191,233	-\$218,469
97-98	\$2,979,455	\$210,095	\$141,987	\$3,331,537	4.1%	\$3,322,074	-\$9,463
98-99	\$3,077,031	\$210,095	\$141,987	\$3,429,113	8.0%	\$3,587,840	\$158,727
99-00	\$3,124,774	\$210,095	\$141,987	\$3,476,856	9.2%	\$3,917,921	\$441,065
00-01	\$3,350,334	\$0	\$0	\$3,350,334	10.1%	\$4,313,631	\$963,297
01-02	\$3,527,741	\$0	\$0	\$3,527,741	7.2%	\$4,624,212	\$1,096,471
02-03	\$3,623,938	\$0	\$0	\$3,623,938	7.0%	\$4,947,907	\$1,323,969
03-04	\$3,744,977	\$0	\$0	\$3,744,977			
						Total Difference	\$3,755,596



CITY COUNCIL STAFF REPORT

MEETING DATE: *September 24, 2003*

Agenda Item #15

Prepared By:

Finance Director

Submitted By:

City Manager

WATER RATES

RECOMMENDED ACTIONS:

- 1) Accept the Finance Director's report concerning water rates
- 2) Direct staff to return within one month with a full analysis of water revenues and costs and with proposed water rates through 2007.

EXECUTIVE SUMMARY: On February 5, 2003, the City Council approved a series of water rate increases equal to 2% effective April 2003 and in January of 2004, 2005, 2006, and 2007. Implementing Resolution 5638 also required that "The Finance Director shall report back to the City Council by each September 30th prior to January 1 of 2004, 2005, 2006, and 2007, regarding the need for the increase to be effective the following January 1. The Water...Rates...shall not be implemented if the City Council, based upon the Finance Director's report, eliminates the January 1 increase. The Finance Director's annual report shall analyze whether the January 1 increase is necessary to provide for anticipated costs through June 30, 2007, and to maintain reserves equal to the following:

- a. Operating Reserve amounting to 25% of annual operating expenses
- b. Capital Reserve amounting to the greater of one year's average annual five-year Capital Improvement Program costs or the minimum amount necessary to keep the Capital Reserve above \$0
- c. Rate Stabilization reserve amounting to 20% of annual operating revenue"

As Finance Director, I have compared two sets of projected water fund balances at June 30, 2004: those calculated by the City's rate consultant Hilton Farnkopf & Hobson in their Water and Sewer Fund Revenue Requirements Study dated 10/17/02, and those currently projected by staff. In summary, water fund balances for all water funds combined (including impact fees) were estimated to be \$2,924,370 by the consultant, but are currently projected by staff to approximate only \$1.2 million. The reasons for the lower balances are primarily related to higher than expected costs and also to lower than anticipated revenues. The City is currently spending funds on drilling wells, building a perchlorate plant, nitrate removal, and technical guidance for and monitoring of perchlorate in the water supply. One variable is the amount of reimbursement that the City will ultimately receive from the Olin Corporation for perchlorate treatment, clean-up, well drilling, and related costs. To date, the City has received approximately \$464,000 from the Olin Corporation. In addition, the Santa Clara Valley Water District increased its water pump tax that it charges to the City for all water purchases in July 2003 by 14% from \$140 to \$160 per acre foot, and their staff has projected continued annual \$20 per acre foot increases in July 2004 through July 2008, so that the cost to Morgan Hill would be \$260 per acre foot, or almost double the 2002/03 rate of \$140, in July 2008. The consultant's study factored in only a 3% annual inflationary rate for all costs, including water costs.

It is obvious that the City does need to implement a rate at least equal to the scheduled January 1, 2004, 2% increase in order to adequately finance operations, water purchases, necessary capital improvements, and perchlorate management costs, and also to meet the minimum reserve levels specified in the Resolution. It is very likely that an increase larger than 2% will be needed in January. Staff recommends that the City Council not eliminate the upcoming scheduled 2% rate increase, but rather direct staff to report back within one month with a proposed rate structure to address the financial needs of the City's water operation through 2007.

FISCAL IMPACT: To fully fund water operations and recommended reserves, water rates should be increased in January 2004 by an amount at least equal to the scheduled 2% adjustment.